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HOUSE OF REPRESENTATIVES

PROCLAMATION

BY THE

Governor of the State of Texas

LEGISLATIVE R.

JUN 1

TO ALL TO WHOM THESE PRESENTS SHALL COME

Pursuant to Article 4, Section 14 of the Texas Constitution, I, George W. Bush, Governor of Texas, do hereby disapprove and veto House Bill 2732 because of the following objections:

House Bill 2732 represents excessive government intervention in private industry.

This bill, which includes the "Liquor Industry Fair Dealing Act," imposes upon liquor suppliers a binding statutory relationship with a single liquor wholesaler for the exclusive regional distribution of the supplier's liquor brands in Texas. By its own provision, the bill would apply retroactively to May 1, 1995, compelling a liquor supplier to use the wholesaler with whom the supplier then had a contractual relationship. The bill further provides that a liquor supplier may only change wholesalers upon application to, and approval of, the Texas Alcoholic Beverage Commission (TABC).

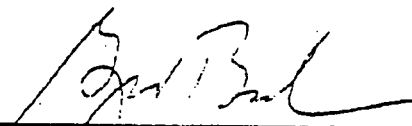
The process for application review in House Bill 2732 is overly restrictive and ambiguous on its face. Additionally, this bill unreasonably impairs the ability of suppliers and wholesalers to freely contract with each other by limiting with whom the suppliers may contract and their ability to change wholesalers. While suppliers and wholesalers voluntarily may choose to use exclusive territorial arrangements, this bill mandates their use. Without compelling evidence that the current distribution system is harmful to Texas consumers, government intervention of this magnitude is unjustified and represents bad public policy.

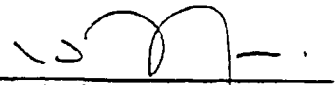
House Bills 2732 also contains two provisions that appear to be unconstitutional. First, the proposed legislation affords a liquor wholesaler the right to appeal an adverse decision by the TABC on a supplier's application to change wholesalers, but fails to grant suppliers a similar remedy. The proposed bill also retroactively limits a supplier's vested rights in an existing contract by requiring the supplier to use the wholesaler who was under contract as of May 1, 1995. Thus, the retroactive imposition of previously existing contractual relationships may have the practical effect of granting the affected wholesalers a virtually perpetual franchise, dissolvable only upon the occurrence of an extraordinary circumstance.

The Secretary of State will take notice of this action and will notify the members of the Legislature.

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused the Seal of the State to be affixed hereto at Austin, this 27th day of May, 1995.




George W. Bush
Governor of Texas


Antonio D. Garza
Secretary of State